

INFORMATION LETTER

Not for
Publication

NATIONAL CANNERS ASSOCIATION

For Members
Only

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What's Doing in Congress

Much time was devoted to appropriation bills during the week, and the only outstanding event was the President's tax message, which is the first move in the struggle over new taxes that will decide how long Congress must remain in session.

President's Tax Message

On March 3rd the President sent a message to Congress containing suggestions for raising additional permanent taxes amounting to \$620,000,000 and an additional temporary levy of \$517,000,000 for the current fiscal year. The permanent revenue, it was suggested, could be raised by a tax on undistributed corporate earnings and the repeal of the present exemption of dividends from the normal tax on individual incomes. This would insure a tax on all corporate earnings and would permit the repeal of the present corporate income tax, the capital stock tax, and the excess profits tax. The Treasury estimates that undistributed income during the current calendar year will amount to \$4,500,000,000.

The President suggested that in raising the \$517,000,000 for temporary requirements, a tax might well be imposed on those who recovered their processing taxes after passing them on to buyers or producers. This proposed levy is now referred to as a "Windfall" tax.

Another suggestion toward raising the \$517,000,000 was an excise tax on the processing of certain agricultural products. The President's thought is that by increasing the number of commodities so taxed and by lowering the rates of the old processing tax and by spreading the tax over two or three years, the burden would be relatively light.

The Ways and Means Committee is at work on a draft of a bill that will embody some or all of the President's suggestions and it is announced that it will be ready for consideration in the House in a few days. The question of the tax on undistributed corporate incomes and on processors will be the subject of much debate and uncertainty until the bill nears final passage, the date of which is beyond conjecture at this time. Some members of the committee have announced their intention to prevent new processing taxes if there is any possible way of raising enough money in other ways.

Walsh-Healey Bills

A substitute for the Walsh bill has been introduced in the House (H. R. 11554) by Chairman Healey of the subcommittee of the Judiciary Committee that has been making a study of wages and hours in the plants that work on government contracts. It is the intention to have full hearings on the Healey bill.

The new bill differs from the Walsh bill in requiring certain labor standards for employees of only the principal contractor for government purchases of or contracts for construction, articles, materials, etc. Thus the principal con-

tractor is relieved of the responsibility of insuring that materials purchased by him are all manufactured under stipulated labor conditions.

Another difference is that code standards need not be considered in determining wages and hours for government contractors, but that the prevailing wages and hours in a community should be looked to instead. The Secretary of Labor rather than the President is to determine the standards to be set up for contractors.

Price-Discrimination Bills

There has been no change in the status of the Robinson and Patman bills, although the pressure for and against is increasing rather than diminishing. Senator Logan spoke in favor of the Robinson bill on the floor of the Senate on March 3d.

The mass-meeting of retailers, brokers, and wholesalers favoring the Robinson-Patman bill was held according to plan on March 4th, with an attendance of approximately fifteen hundred. Speeches in favor of the legislation were made by a number of retailers and by Senator Robinson and Representatives Patman and Boileau. Representative Patman announced that he was planning to introduce a bill to make it illegal for a retailer to engage in manufacturing and another bill making illegal certain definite unfair trade practices that had come to his attention in the course of the investigations by the special Patman committee.

After one general session the delegates resolved themselves into groups for the purpose of informing Congressmen why they thought the bill should be passed. As a result of their visits with legislators it is possible that a fairly definite idea may be gained as to the prospective vote in both Houses.

Wheeler-Rayburn Bill

Hearings were held March 3d on the Wheeler-Rayburn bill (S. 3744 and H. R. 10385) to broaden the powers of the Federal Trade Commission, and testimony was heard from President Sibley of the United States Chamber of Commerce and from representatives of newspaper and magazine publishers' associations, all of whom opposed the bill. Officials of the Commission are filing a written statement in rebuttal.

Opposition was voiced to the proposal to amend Section 5 of the Act to make unlawful "unfair and deceptive acts and practices" as well as "unfair methods of competition." Objection was also made to the proposed strengthening of the inquisitorial powers of the Commission in Section 6.

Whatever the merits or demerits of the proposed amendments, there is apparently no basis for assuming that they convey any authority to specify what must be stated on a label, although they may put the Federal Trade Commission in a position to concern itself with deception in what is stated on a label.

New Sardine Bills

Senators McNary and Johnson have introduced a joint resolution (S. J. Res. 218) authorizing the Bureau of Fisheries to make an investigation of the California sardine industry with a view to determining the most appropriate method of regulating the industry in the public interest.

Senator McAdoo has introduced a bill (S. 4141) to provide for Federal conservation of the sardine (pilchard) fishery on the high seas contiguous to the Pacific coast by making it unlawful, except by permit of the Secretary of Commerce, to catch or deliver sardines for processing on the high seas.

Lobbying Committee Investigates Association's Records

The Special Committee to Investigate Lobbying Activities, of which Senator Hugo Black is Chairman, on March 3rd served a subpoena upon the National Cannery Association for the production of "all books, papers, and records of the National Cannery Association, including books of accounts, showing all contributions to the Association, with names of contributors, from June 30, 1934; also showing all expenditures by the Association; also all memoranda, papers, correspondence and telegrams in any way pertaining to or referring to any legislation or governmental activities of the Association since June 30, 1934."

Representatives of the Committee, during the remainder of the week, have had access to all the files and records of the Association and the Association has assisted them in the work by making copies of such of the records and correspondence as they indicated would be desired by the Committee. In this way the information sought has been made available to the Committee with a minimum of disturbance to the records and to the regular activities of the Association.

Notice on Dilution of Fruit Juices

Dilution of fruit juices with water, even in the form of sugar solutions, is held to be in violation of the Food and Drugs Act, according to a notice sent under date of February 27th to packers and shippers of fruit juices by the Food and Drug Administration. The text of the notice follows:

"This notice applies to fruit juices as distinguished from fruit syrups, fruit type beverages, and the like. The necessity for maintaining the identity of such basic food products as fruit juices needs no elaboration.

"Some manufacturers have been adding sugar in the form of sugar solutions of varying strength, labeling the product, for example, 'Orange juice,' with a subsidiary label statement of the added ingredient, almost invariably in smaller type and removed some distance from the name of the product. It has become apparent that the consumer who buys fruit juice does not realize the dilution with water that thereby occurs, which sometimes amounts to 25 per cent.

"There appears to be no practical reason why the sweetening of fruit juices, if desired, should not be accomplished by the use of dry sugar alone; consequently the dilution of fruit juices with water, even in the form of sugar solutions, is held to be in violation of the Food and Drugs Act.

"Conformity with the provisions of the Food and Drugs Act requires that basic product names, such as 'Orange juice,'

'Grape juice,' and the like, be directly and conspicuously qualified, when dry sugar has been added. To be properly informing the labeling of such products should indicate the quantity of added sugar, for example, 'Sweetened Orange Juice, 2% Sugar Added.'

"The effective date of this notice is July 1, 1936."

Australian Canned Fruit Pack Larger

Production of canned apricots, pears, and peaches in the Australian state of Victoria for the 1935 season amounted to approximately 2,463,000 dozen cans, according to the American vice consul at Melbourne, that figure representing an increase of 28 per cent over production in 1934. The Victorian pack for the 1935 season represented 64 per cent of the total Australian output. The Victorian production would probably have been somewhat larger except for the loss of a considerable quantity of fruit through insect pest ravages.

Japanese Canned Food Production and Exports

The progress of the Japanese canning industry was briefly noted in last week's INFORMATION LETTER. The following information as to the packs of fish and mandarin oranges, as well as the exports of canned products, are from the detailed report by the Tokyo office of the Department of Commerce:

The 1935 salmon pack of Japan is reported at 2,382,521 cases, an increase of about 100,000 cases over the previous year's total. The canned crab pack during 1935 is tentatively reported at 360,000 cases, including the output of land and floating canneries. The 1935 pack is approximately 20 per cent below that of 1934, due largely to the poor catch on the eastern coast of Saghalien.

The Japanese pack of sardines in tomato sauce during the first 11 months of 1935 totaled 677,409 cases against 668,386 cases during the entire year of 1934; the pack of sardines in oil during the first 10 months of 1935 totaled 16,184 cases against about 10,000 cases during the entire year of 1934. In addition to the pack in Japan proper, during the first 10 months of 1935, packers in Korea canned about 250,000 cases, making a grand total for Japan proper and Korea of about 940,000 cases.

The tuna fish pack, including both light and white meat, is tentatively reported at 368,671 cases for the entire year 1935, against 276,195 cases as the final total in 1934 and 705,488 cases in 1933. Exports to the United States during 1935 are reported to total 216,070 cases against 225,663 cases in 1934.

The 1935 pack of canned mandarin oranges is estimated at 500,000 cases, against an actual pack in 1934 of 533,000 cases. The tremendous increase in the mandarin orange pack is indicated by the fact that in 1930 it amounted to only 30,000 cases, increasing in 1931 to 35,000 cases and in 1932 to 65,000 cases. Output was greatly increased in more recent years, the 1933 pack totaling 240,000 cases.

The following statistics show the exports of preserved foodstuffs except dairy products in tins and bottles in 1934 and 1935. The volume is given in pounds, having been converted from kin at the rate of 1 kin equals 1.32 pounds.

Fruit and Vegetable Market Competition

Carlot Shipments as Reported by the Bureau of Agricultural Economics, Department of Agriculture

Commodity	Week ending				
	Feb. 29	Feb. 22	through Feb. 29	1934	1935
1934	1935	1935	1934	1935	
Vegetables:					
Beans, snap and lima	429	377	258	3,254	3,366
Tomatoes	215	337	225	2,733	3,320
Green peas	186	173	188	1,207	1,262
Spinach	230	407	267	3,174	4,372
Other:					
Domestic, competing directly	4,205	5,569	4,464		
Imports—					
Competing directly	58	82	106	423	691
Competing indirectly	21	171	53	930	1,529
Fruits:					
Citrus, domestic	3,848	4,007	2,847	62,985	55,131
Imports	0	5	4	239	380
Others, domestic	174	135	86	17,698	14,779

Coal Purchases by Government Contractors

In a decision interpreting Section 14 of the Bituminous Coal Conservation Act of 1935, Comptroller General McCarl has held that in the case of purchases of coal by contractors from dealers it will not be necessary for the Government to require that the coal be produced by a member of the code.

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Canned Foods Exports in January

Articles	January, 1935		January, 1936		1934		July-December 1935	
	Pounds	Value	Pounds	Value	Pounds	Value	Pounds	Value
Canned meats, total	1,379,787	\$468,921	735,509	\$234,580	7,951,665	\$2,608,342	5,682,607	\$1,951,293
Beef	237,072	77,262	151,166	47,848	1,305,359	409,542	762,558	254,042
Pork	989,303	361,343	467,392	153,053	5,384,019	1,934,895	3,910,744	1,431,784
Sausage	67,816	15,382	60,102	16,776	703,690	163,838	504,227	133,539
Other	85,596	14,934	56,849	16,903	558,597	100,067	505,078	131,928
Canned vegetables, total	2,296,729	212,764	2,414,533	226,180	16,865,095	1,665,277	21,321,233	2,182,782
Asparagus	1,024,571	123,240	869,052	113,484	8,114,611	998,444	10,200,971	1,334,410
Baked beans and pork and beans	435,039	21,032	547,471	26,591	2,145,196	122,205	2,613,124	153,277
Corn	93,726	8,274	133,371	10,094	921,096	70,777	1,510,186	113,062
Peas	178,915	15,520	185,864	15,478	2,197,995	182,212	2,762,210	221,861
Soups	101,010	13,256	120,775	12,492	1,059,253	110,833	1,317,246	127,132
Tomatoes	235,101	12,065	142,802	8,430	1,112,649	70,727	1,055,370	83,210
Other	228,367	19,377	267,855	21,819	1,314,295	110,079	1,862,126	149,830
Condensed milk	499,147	64,263	147,343	17,792	4,869,333	595,769	1,878,011	223,374
Evaporated milk	2,679,054	180,383	1,809,773	128,255	20,246,294	1,275,652	12,883,727	845,835
Canned fruits, total	17,889,465	1,311,856	25,270,004	1,754,296	136,314,947	10,347,006	221,980,822	16,360,555
Apples and applesauce	415,520	17,501	1,624,994	71,085	7,232,546	307,429	13,764,117	576,013
Apricots	502,561	44,314	1,299,124	94,771	7,710,174	646,849	20,329,994	1,546,551
Berries, other	29,855	3,279	103,550	11,046	385,181	43,122	630,417	80,553
Cherries	91,525	10,631	105,399	14,555	949,342	113,764	984,059	106,354
Fruits for salad	2,183,087	236,640	1,877,185	199,786	17,799,411	1,894,351	28,449,223	3,017,271
Grapefruit	6,154,190	353,388	7,043,629	434,709	6,931,595	431,165	9,066,096	538,723
Loganberries	412,587	35,850	277,159	17,522	3,814,834	289,668	3,161,478	230,105
Peaches	2,444,119	177,295	5,699,649	378,584	36,008,877	2,465,543	69,491,502	4,771,506
Pears	4,822,510	358,131	5,352,188	372,402	41,219,371	2,996,102	57,954,102	3,997,106
Pineapple	538,366	48,337	1,616,183	136,898	11,741,711	945,242	14,612,682	1,200,608
Prunes	88,678	8,864	270,944	22,938	500,629	49,457	911,762	67,430
Other	206,467	17,626			2,021,276	164,314	2,625,390	228,335
Canned fish, total	9,459,993	928,664	8,679,863	964,336	52,910,812	5,532,620	55,473,535	5,947,902
Mackerel	424,132	19,877	30,436	1,721	3,406,734	159,003	1,204,016	62,700
Salmon	5,467,297	671,412	3,738,944	646,142	29,171,395	3,837,339	21,000,529	3,646,684
Sardines	3,325,785	196,285	4,418,456	232,074	17,164,341	1,022,134	29,877,240	1,701,449
Shrimp	165,974	28,852	425,743	71,241	2,372,371	403,681	2,903,620	457,428
Other shellfish			40,241	9,359				
Other	76,805	12,238	26,043	3,799	795,971	110,463	488,130	79,641

Section 14 of the Coal Conservation Act provides:

"14. (a) No bituminous coal shall be purchased by the United States, or any department or agency thereof, produced at any mine, where the producer has not complied with the provisions of the code set out in section 4 of this Act.

"(b) Each contract made by the United States, or any department or agency thereof, with a contractor for any public work, or service, shall contain a provision that the contractor will buy no bituminous coal to use on or in the carrying out of such contract from any producer except such producer be a member of the code set out in section 4 of this Act as certified to by the National Bituminous Coal Commission."

In an earlier decision (January 2, 1936) the Comptroller General has held:

"It is noted that section 14(b) differs materially from section 14(a) of the act. Section 14(a) prohibits the purchase of bituminous coal by the United States, or any department or agency thereof, unless such coal was produced at a mine where the producer has complied with the code as set out in the act, whereas section 14(b) prohibits contractors for any public work, or service, from buying bituminous coal to use on or in the carrying out of such contract from a producer who is not a member of such code. A 'producer' is defined in section 19 of the act as being any person, firm, corporation, etc., 'engaged in mining bituminous coal.'"

In the present decision the Comptroller General states:

The requirement of section 14(b) is only for a provision to the effect that the contractor for any public work, or service, will buy no bituminous coal for use on or in the carrying out of his contract from any producer except a code member. Accordingly, said provision would not preclude purchases of bituminous coal by the contractor from a dealer, that is, a *bona fide* broker, jobber, commission merchant, wholesaler or retailer, as distinguished from a producer or producer's agent or subsidiary, marketing agency of producers as provided for under part I(a) of section 4, or other intermediary or instrumentality of a producer. In the case of such purchases by contractors from dealers, it will not be necessary for the Government to require that the coal be produced by a member of the code.

Intended Acreage of Canning Peas

The U. S. Bureau of Agricultural Economics issued, on March 5th, the following report on the intended acreage of green peas for manufacture in 1936:

Reports from 130 representative firms which contracted or grew about 60 per cent of the total acreage of green peas for canning or manufacture in 1935, indicate there is a tendency to reduce the acreage slightly from the record acreage planted in 1935. The 130 reports received were well distributed among practically all important producing areas, and represent a variety of conditions.

Should the intentions be carried out according to present indications in the various States, the total planted acreage would amount to 330,860 acres, compared with 340,310 acres planted in 1935; 280,390 planted in 1934; 228,300 planted in 1933; 207,750 planted in 1932, and 258,930 acres planted in 1931.

Abandonment of planted acreage by reason of unfavorable weather and growing conditions during the last five years was as follows: 1931, 13.7 per cent; 1932, 9.6; 1933, 4.8; 1934, 10.9; and 1935, 7.7 per cent. Average abandonment for this period was 9.3 per cent.

Average yields per acre obtained on the harvested acreage during the past five years were as follows: 1931, 1,320 pounds; 1932, 1,245; 1933, 1,260; 1934, 1,324, and 1935, 1,696 pounds.

If 9.3 per cent abandonment of acreage is assumed for the 1936 season, a planting of 330,860 acres would result in about 300,000 acres for harvest. Exploring the range of production and pack possibilities in 1936, if 300,000 acres should be harvested, a yield of 1,250 pounds per acre, typical of adverse conditions like those of 1932 and 1933, would produce a crop of 187,500 tons; a yield of 1,370 pounds per acre, representing approximately average growing conditions, would produce a crop of 205,500 tons; a yield of 1,696 pounds, such as was obtained in 1935, would produce 254,400 tons.

From past relationships between estimated tonnage of green peas and size of pack, the below-average crop of 187,500 tons could be expected to make a pack of about 17,000,000 cases; a near-average crop of 205,500 tons would make a pack of 18,800,000 cases, and an above-average crop of 254,400 tons would result in a pack of about 24,000,000 cases of 24 No. 2 cans.

The following table shows, by groups of States, the acreages which would result if these late February intentions to contract and plant are carried out in 1936. Since these intended acreages may be modified before plantings are actually made, they are not to be considered as estimates of planted acreage for the coming season. They are to be considered, rather, as a guide in making necessary adjustments in acreage plans before the planting operations actually begin.

State	Planted Acreage		Intended in 1936	
	1934	1935	As % of Indicated 1935	acres
	Acres	Acres	Per cent	Acres
Maine	1,850	2,520	105.9	45,680
New York	34,300	36,000		
Pennsylvania	3,000	4,600		
Ohio	4,800	5,000	94.5	193,400
Indiana	6,500	7,350		
Illinois	19,000	20,000		
Michigan	12,800	15,000		
Wisconsin	118,000	133,300		
Minnesota	21,000	24,000	98.5	26,700
Delaware	2,800	3,400		
Maryland	13,500	18,500		
Virginia	4,300	5,200	109.6	50,330
Montana	2,140	2,800		
Colorado	3,850	4,210		
Utah	11,000	13,600		
Washington	9,600	16,000		
Oregon	3,600	9,300	75.5	14,750
Other States *	8,350	19,530		
U. S. total	280,390	340,310	97.2	330,860

* "Other States" include California, Idaho, Iowa, Kansas, Nebraska, New Jersey, Oklahoma, Tennessee, Texas, and Wyoming.

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